

Section 10: Tier Determination Procedures (Tier I/II Plan)

The Sponsor routinely applies the Tier I/II Plan during the Provider Application Process. Once provider status is determined, Sponsors enter the information into Minute Menu and then the Sponsor utilizes the standardized reports from the Minute Menu System (MMS) database for preparing and distributing timely notification of Tier Status to Providers and as requested by the State agency. The Sponsor date stamps each Income Eligibility Form (IEF) and the CACFP Enrollment form upon receipt and the tier status is effective at the beginning of the month they are date stamped received. The Sponsor informs Tier II Providers of the number of income eligible enrolled children and ensures the confidentiality of the tier status of these children.

If the Sponsor has supplementary procedures for determining tier status, they are described in detail in Attachment MM.

I. Determination of Tier Status for Each Provider

The Sponsor assures all tier initial determinations are made by (1) checking school data, (2) checking Census data, and (3) checking income [categorical] eligibility. All tier determinations for a Provider are made based on the qualifying factors of Provider location and current Provider family income information.

A. Geographic Determination

1. Tier I Status by School:

The Sponsor identifies a Provider that operates within the attendance boundaries of a MT elementary school that has at least 50% of their student enrollment receiving free or reduced priced meals. A Provider located within these school attendance boundaries qualifies for Tier I reimbursement rates. Tier status by school is effective for five (5) years from the date the Sponsor made the tier determination.

2. Tier I Status by Census:

The Sponsor identifies a Provider that operates within low-income areas (at or below 185% of poverty) according to Census Block Group data. A Provider located within these census boundaries qualifies for Tier I reimbursement rates in accordance with federal law and CACFP-505. Tier status by census is effective for ten (10) years. When a Provider is tier I by census, the Sponsor keeps documentation (maps) of the census block group in the Provider file.

3. Tier II Status:

A Provider located outside low-income areas as determined by school boundary or census data is Tier II unless determined to be Tier I based on Provider household income.

B. Provider Household Income Determination

The Sponsor gathers and verifies household income data for a Provider in a Tier II reimbursement area who wants to be evaluated for Tier I reimbursement rates based on their household income. A Tier II area Provider determined to be ineligible based on household income for Tier I reimbursement rates remains a Tier II Provider.

1. Household Income Eligibility Guidelines:
The MT CACFP annually provides the Sponsor with guidelines for categorical and household income eligibility.
2. Distribution of Income Eligibility Forms:
The Sponsor distributes Income Eligibility and Enrollment Forms (IEFs) to each Tier II Provider, and/or to each Tier I Provider that wants to claim "Providers Own" child or children.
3. "Provider's Own" Child or Children
The term "provider's own children" refers to any children who reside in the household, such as the provider's own children by birth or adoption, grandchildren, or housemates' children, who are part of the economic unit.

Meals served to the provider's own children may only be reimbursed if the following three conditions exist:

- i) The provider's children must be enrolled and participating in the child care program during the time of the meal service;
- ii) Other enrolled nonresident children must be present and participating in the same meal service; and
- iii) The sponsoring organization must have an income eligibility statement on file for the provider's household showing that the provider's household is income eligible or categorically eligible for Tier I reimbursement rates.

If the provider has been determined to be eligible for Tier I due to area information – either by school or census data – the provider's own children will be eligible for reimbursement only if the provider has filled out an income eligibility statement and has been determined to qualify for Tier I on the basis of household income or because the household is categorically eligible for public assistance in the form of SNAP, TANF, or FDPIR.

Note: Since a day care home may qualify as a Tier I home on the basis of the provider's household eligibility for free or reduced price meals, by definition, then there will be no meals reimbursed for provider's own children in Tier II homes.

4. Timely Documentation:
Verifying documentation must be collected no earlier than one month prior to when an annual income-based determination is made. The prior month's income information is preferred or the most recent IRS 1040 and supporting documents. Providers wanting to qualify using only a

profit/loss statement [their own design or using IRS tax form Schedule C] must provide supporting documentation for the income listed on the form. Those using their most recent IRS 1040 must include the signature page of the return with their signature affixed on the document.

II. Report Tiering Determinations to DCH Providers & the MT CACFP

The Sponsor processes all Provider tiering determinations or re-determinations in a timely manner. Any Tier I classification or re-classification signed and submitted by the Provider to the Sponsor during a given month sets the reimbursement rate from the beginning of that month.

A. Reporting Requirements

The Sponsor generates standardized reports from the MMS database.

1. Monthly Tier Information

The Claim Detail Report and Claim Summary Report with average daily attendance, enrollment, and the number of homes claimed by tier category is submitted monthly with the claim, and adjusted with subsequent adjustments.

2. Tier Information Support

The Sponsor ensures that:

- Reports from the MMS are utilized, on a scheduled basis, in determining the expiration of tier determinations.
- The MMS is maintained to accumulate claim information and calculate reimbursement statements by having:
 - ◆ Provider primary and secondary qualifying factors: school, attendance area, census, and/or income
 - ◆ Start date and end date of all tier determinations
 - ◆ Tier reimbursement status of all children including Provider's own or foster children in geographically eligible Tier I homes

B. Provider Tier Notice

The Sponsor prepares and distributes written notification to each Provider of their tier status, reimbursement rates, duration of their tier determination, qualifying factor(s) that determined the tier status, and options for tier re-determination.

1. Change of Status:

A Provider may request re-determination by the Sponsor for significant changes, such as Provider relocation, changes in household membership, and changes in household income. Tier II area Providers can request means testing to change from all Tier II Low reimbursement rates to parent household income data collection, upon request to the Sponsor.

2. Date of Change:

Any tier re-determination resets the reimbursement rate from the beginning of the month for which the re-determination is finalized. A tier re-determination may be finalized when the Sponsor has received and reviewed the required information from the Provider.

III. Implement Tier II Provider Options

All Providers are paid at Tier II Low rates unless and until the Sponsor verifies the Provider's qualification for Tier II Hi reimbursement rates. Upon determination of Tier II status, the Sponsor informs the affected Providers of the three options available for determining the tier status for claim reimbursement.

A. Request for Means Testing

Providers may ask the Sponsor to determine their tier reimbursement based on the actual meal counts for Tier II Hi and Tier II Low status of enrolled and participating children in their care. The Provider may choose to have the Sponsor:

1. Send IEFs to means test all children
The Sponsor provides and collects IEFs from the parents/guardians of all enrolled children; OR
2. Identify Categorically Eligible children only
The Sponsor identifies only those children whom the Sponsor knows (on the basis of documented proof) to be categorically eligible for Tier II Hi benefits, and has on file copies of vouchers or other proof of participation in an eligible program other than an IEF; OR
3. Send no IEFs
This choice indicates that the provider declines any opportunity to do means testing for any children. The Sponsor neither provides nor collects IEFs from the parents/guardians of any enrolled children. The Provider receives all reimbursement at the Tier II reimbursement rate.

Based on the IEFs as stated in Section III A 1-3 above, the Sponsor determines each child enrolled with the Provider as either eligible for Tier II Hi or Tier II Low rates of reimbursement and inputs the Provider's tier status and expiration date into the MMS.

B. Parent/Guardian Household IEF Data Collection

Upon request, the Sponsor will supply a Provider with Income Eligibility Forms (IEF's) for parents/guardians of all enrolled children and include return envelopes with the Sponsor's address. The Provider may distribute the IEFs to Parent/Guardian of households of enrolled children in care. Completed IEF materials are confidential. Completed IEF materials may be returned either to the Provider or to the Sponsor. If completed IEF materials are returned to the Provider, then the Provider must provide it to the Sponsor within 3 days time. IEF materials provided to the Provider or to the Sponsor, may not be returned to the parent/guardian of the household. Copies of including copies of state-assisted child care invoices or vouchers may be used as satisfactory documentation of eligibility for the CACFP in Tier I and with IEF form attached, allowing for the Sponsor to classify the information in a consistent way with other participants.

C. Actual Count Determinations

The Sponsor determines actual count reimbursement rates for each child in the

care of Tier II Providers.

1. Categorical Eligibility

Children being cared for in a Tier II home are eligible for Tier II Hi reimbursement rates if they take part in any of the categorically eligible programs as listed on the Tier II Income Eligibility Form.

2. Expirations

The Sponsor ensures that each month the MMS report of the Providers needing to have tier re-determination or pending expiration of tier status for Tier II Hi rate children in Tier II Provider homes is up to date, available and used.

3. Timely Reporting

The Sponsor collects IEF tier status documentation no earlier than one month before an income-based Tier II Hi determination is made for a particular child enrolled with a Provider. The prior month's income information is used in accordance with the eligibility guidance for the CACFP.